



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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April 4, 2014

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: John Naimo  
Acting Auditor-Controller

A handwritten signature in black ink, reading "John Naimo", is written over the printed name and title.

SUBJECT: **COMMUNITY AND SENIOR SERVICES – REVIEWS OF WORKFORCE  
INVESTMENT ACT SERVICE PROVIDERS – FISCAL YEAR 2011-12  
SUMMARY REPORT**

At the request of Community and Senior Services (CSS), we completed program, fiscal, and administrative contract compliance reviews of all 27 Workforce Investment Act (WIA) Program service providers. The WIA Programs assist individuals in obtaining employment, retaining their jobs, and increasing their earnings.

CSS paid the 27 contractors a total of approximately \$33 million on a cost-reimbursement basis for Fiscal Year (FY) 2011-12. Our reviews covered a sample of transactions for each service provider from FY 2011-12.

**Results of Reviews**

We identified \$347,404 in questioned costs billed to the WIA Programs by various providers. Specifically:

- Eighteen (67%) contractors did not maintain proper documentation to support a total of \$215,700 in expenditures.
- Nine (33%) contractors had a total of \$23,139 in payroll expenditures that were unsupported, or were billed based on budget, not actual hours worked.

- Five (19%) contractors billed CSS a total of \$86,938 in unallowable expenditures.
- Four (15%) contractors had a total of \$21,627 on their final close-out invoices that did not reconcile to their accounting records.

The questioned costs for each service provider are detailed in Attachment I.

In addition, we noted that some WIA service providers did not comply with all WIA and County contract requirements. Specifically:

- Fifteen (56%) contractors did not accurately report Program client information or activities in the Job Training Automation System, or properly maintain client case files as required.
- Fifteen (56%) contractors did not report accruals accurately to CSS as required.
- Twelve (44%) contractors did not always maintain adequate internal controls, or comply with WIA requirements. For example, the contractors did not develop and implement required WIA policies and procedures, Single Audits reported material weaknesses, or contractors did not always deposit checks within one day of receipt.
- Two (7%) contractors did not maintain adequate documentation to support client eligibility.
- Two (7%) contractors did not maintain the required documents in their employee personnel files.

Attachment II summarizes the contract compliance issues noted in our reviews.

### **Review of Reports**

We discussed our reports with CSS and each WIA service provider. CSS management indicated they will resolve the remaining questioned costs and contract compliance issues in accordance with their Resolution Procedures Directive.

CSS and the contractors have resolved \$283,222 (82%) of the questioned costs, leaving a balance of \$64,182 (\$347,404 - \$283,222). In addition, the contractors implemented 116 (92%) of the 126 recommendations from our reports. CSS will continue to work with the contractors to resolve the remaining costs and outstanding audit recommendations.

Due to the number of service providers, we have not attached copies of the individual reports. However, copies of the reports are available for your review upon request. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

JN:AB:DC:EB:ku

Attachments

c: William T Fujioka, Chief Executive Officer  
Cynthia D. Banks, Director, Community and Senior Services  
Jerry Gaines, Chair, Workforce Investment Board  
Richard Dell, Chair, Workforce Investment Board Finance Committee  
Public Information Office  
Audit Committee

Community and Senior Services  
WIA Contract Reviews – Summary of Questioned Costs  
Fiscal Year 2011-12

Attachment I

#	Service Provider	Contract Amount (Rounded)	No. of Recommendations	No. of Recommendations Implemented	No. of Recommendations Outstanding	Total Questioned Costs Reported	Questioned Costs Collected or Resolved	Questioned Costs Outstanding
1	Antelope Valley Workforce Development Consortium	\$ 1,600,000	5	5	-	\$ 2,510	\$ 2,510	\$ -
2	Arbor E&T, LLC (ResCare Workforce Services)	\$ 1,700,000	4	4	-	\$ 4,589	\$ 4,589	\$ -
3	Asian American Drug Abuse Program, Inc.	\$ 31,000	-	-	-	\$ -	\$ -	\$ -
4	Career Partners (West San Gabriel Valley Consortium)	\$ 1,600,000	12	5	7	\$ 70,981	\$ 6,799	\$ 64,182
5	Archdiocesan Youth Employment Services of Catholic Charities of Los Angeles, Inc.	\$ 1,400,000	7	7	-	\$ 3,983	\$ 3,983	\$ -
6	Chicana Service Action Center, Inc.	\$ 683,000	6	6	-	\$ 22,192	\$ 22,192	\$ -
7	City of Compton – Compton CareerLink	\$ 609,000	13	13	-	\$ 24,148	\$ 24,148	\$ -
8	City of Palmdale	\$ 803,000	2	-	2	\$ -	\$ -	\$ -
9	Comprehensive Community Services of South Bay, Inc.	\$ 209,000	4	4	-	\$ 36,609	\$ 36,609	\$ -
10	Community Career Development, Inc.	\$ 1,200,000	6	6	-	\$ 5,014	\$ 5,014	\$ -
11	Door of Hope	\$ 195,000	1	1	-	\$ -	\$ -	\$ -
12	LA Works (Human Services Consortium of the East San Gabriel Valley)	\$ 3,600,000	6	6	-	\$ 108,002	\$ 108,002	\$ -
13	Goodwill Industries of Southern California	\$ 3,800,000	5	5	-	\$ 1,210	\$ 1,210	\$ -
14	Hub Cities Consortium	\$ 4,600,000	2	2	-	\$ -	\$ -	\$ -
15	Jewish Vocational Service – West Hollywood	\$ 627,000	1	1	-	\$ -	\$ -	\$ -
16	Jewish Vocational Service – West Los Angeles	\$ 548,000	1	1	-	\$ -	\$ -	\$ -
17	Los Angeles Community College District – Los Angeles Mission College	\$ 395,000	5	5	-	\$ 1,041	\$ 1,041	\$ -
18	Los Angeles County Office of Education	\$ 1,034,000	3	3	-	\$ 1,305	\$ 1,305	\$ -
19	Los Angeles Urban League – Pomona	\$ 1,500,000	6	6	-	\$ 20,522	\$ 20,522	\$ -
20	Los Angeles Urban League – South Central	\$ 1,700,000	8	8	-	\$ 11,636	\$ 11,636	\$ -
21	Managed Career Solutions, Inc. – West San Gabriel Valley	\$ 1,025,000	7	7	-	\$ 12,130	\$ 12,130	\$ -
22	Managed Career Solutions, Inc. – Northeast San Gabriel Valley	\$ 514,000	6	6	-	\$ 7,318	\$ 7,318	\$ -
23	Maravilla Foundation	\$ 284,000	-	-	-	\$ -	\$ -	\$ -
24	Mexican American Opportunity Foundation	\$ 169,000	5	5	-	\$ 8,805	\$ 8,805	\$ -
25	Southeast Area Social Service Funding Authority	\$ 2,800,000	1	1	-	\$ -	\$ -	\$ -
26	Special Service for Groups	\$ 262,000	3	3	-	\$ -	\$ -	\$ -
27	Watts Labor Community Action Committee	\$ 84,000	7	6	1	\$ 5,409	\$ 5,409	\$ -
<b>TOTALS</b>		<b>\$ 32,972,000</b>	<b>126</b>	<b>116</b>	<b>10</b>	<b>\$ 347,404</b>	<b>\$ 283,222</b>	<b>\$ 64,182</b>

Community and Senior Services  
WIA Contract Reviews – Summary of Findings  
Fiscal Year 2011-12

Attachment II

#	Service Provider	No. of Recommendations	Findings									Total Questioned Costs Reported
			A	B	C	D	E	F	G	H	I	
1	Antelope Valley Workforce Development Consortium	5		X	\$ 2,510		X	X				\$ 2,510
2	Arbor E&T, LLC (ResCare Workforce Services)	4		X	\$ 4,589							\$ 4,589
3	Asian American Drug Abuse Program, Inc.	-										\$ -
4	Career Partners (West San Gabriel Valley Consortium)	12	X	X	\$ 59,153		X		(1)		\$ 11,828	\$ 70,981
5	Archdiocesan Youth Employment Services of Catholic Charities of Los Angeles, Inc.	7			\$ 3,983		X	X	(1)			\$ 3,983
6	Chicana Service Action Center, Inc.	6		X	\$ 22,192			X				\$ 22,192
7	City of Compton – Compton CareerLink	13		X	\$ 24,148	(1)	X	X	(1)			\$ 24,148
8	City of Palmdale	2		X				X				\$ -
9	Comprehensive Community Services of South Bay, Inc.	4			\$ 36,609		X	X				\$ 36,609
10	Community Career Development, Inc.	6			\$ 5,014		X	X		X		\$ 5,014
11	Door of Hope	1	X									\$ -
12	LA Works (Human Services Consortium of the East San Gabriel Valley)	6			\$ 21,129	\$ 85,216		X	\$ 1,657			\$ 108,002
13	Goodwill Industries of Southern California	5		X	\$ 1,210			X				\$ 1,210
14	Hub Cities Consortium	2		X		(1)						\$ -
15	Jewish Vocational Service – West Hollywood	1		X								\$ -
16	Jewish Vocational Service – West Los Angeles	1					X					\$ -
17	Los Angeles Community College District – Los Angeles Mission College	5			(1)				\$ 1,041			\$ 1,041
18	Los Angeles County Office of Education	3			\$ 1,305		X					\$ 1,305
19	Los Angeles Urban League – Pomona	6		X	\$ 19,255			X	(1)		\$ 1,267	\$ 20,522
20	Los Angeles Urban League – South Central	8		X	(1)		X	X	\$ 11,636			\$ 11,636
21	Managed Career Solutions, Inc. – West San Gabriel Valley	7		X	\$ 2,509	\$ 1,383	X	X			\$ 8,238	\$ 12,130
22	Managed Career Solutions, Inc. – Northeast San Gabriel Valley	6		X	\$ 6,685	\$ 339	X			X	\$ 294	\$ 7,318
23	Maravilla Foundation	-										\$ -
24	Mexican American Opportunity Foundation	5			(1)			X	\$ 8,805			\$ 8,805
25	Southeast Area Social Service Funding Authority	1		X								\$ -
26	Special Service for Groups	3						X	(1)			\$ -
27	Watts Labor Community Action Committee	7		X	\$ 5,409		X	X				\$ 5,409
TOTALS		126	2	15	18	5	12	15	9	2	4	18
					\$ 215,700	\$ 86,938			\$ 23,139		\$ 21,627	\$ 347,404

**Code Summary**

- A Did not maintain adequate documentation to support client eligibility.
- B Did not accurately report client information or activities in the Job Training Automation System, and/or properly maintain client case files.
- C Did not maintain adequate documentation to support expenditures, or did not bill accurately.
- D Billed for unallowable and unreasonable expenditures.
- E Did not maintain adequate internal controls and/or was not in compliance with WIA and County contract requirements.
- F Did not accurately report accruals.
- G Billed for payroll expenditures that were unsupported, and/or based on budget and not actual hours worked.
- H Did not maintain required documents in employee personnel files.
- I Final close-out invoices were not supported by agency accounting records.

**Footnote**

- (1) There were no questioned costs, or the questioned costs were immaterial.